

Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 NSCE-00 USIE-00
INRE-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
NSAE-00 PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00
SP-02 SOE-02 OMB-01 DOE-11 AF-10 ARA-10 EA-10
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FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 6932
ALL WHEAT NEGOTIATIONS POSTS

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USOECN USEEC USMTN

PASS ELECTRONICALLY AGRICULTURE FOR HATHAWAY AND STR FOR
STARKEY

ALL POSTS FOR AGATT
LONDON PASS SAYLOR

E.O. 11652: N/A
TAGS: ETRD EAGR OCON
SUBJECT: WHEAT CONFERENCE - US TABLES RESERVES SHARES
PROPOSAL

1. IN AN EFFORT TO STIMULATE MEANINGFUL PROGRESS IN WHEAT
SUBCOMMITTEE USDEL TABLED PROPOSAL ON ALLOCATION OF RESERVE
STOCK SHARES SPECIFYING QUANTITY OBLIGATIONS (TOTALING 30
MMT) FOR EACH MEMBER OF THE CURRENT IWA. ALLOCATION FOR-
MULA INCLUDED THREE FACTORS: TOTAL TRADE, PRODUCTION
VARIABILITY AND PER CAPITA GNP. SELECTED RESULTS OF FOR-
MULA AS FOLLOWS (14 MILLION METRIC TONS); USA 4.7, USSR
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4.1, EEC 4.1, CANADA 2.8, AUSTRALIA 1.9, ARGENTINA .87,
JAPAN 1.1, INDIA 1.2.

2. IMMEDIATE REACTION BY INDIA, EGYPT AND BRAZIL ON BEHALF
OF LDC'S WAS THE CRUCIAL QUESTION OF FINANCING FOR STDCKS
ACQUISITION, MAINTENANCE AND STORAGE INFRASTRUCTURE MUST BE
ADDRESSED BEFORE FURTHER DISCUSSING STOCK SHARES. US

(SAYLOR) EXPRESSED RESPECT FOR SPECIAL CIRCUMSTANCES OF LDC'S BUT EMPHASIZED THAT BENEFITS TO LDC'S IN THE AGREEMENT WOULD MORE THAN OFFSET COSTS OF RESERVE PARTICIPATION, AND THAT SUBSTANTIAL COSTS OF STOCKHOLDING SHOULD BE EQUALLY DISTRIBUTED AND NOT BORNE UNILATERALLY BY THE EXPORTERS. SAYLOR ALSO SUGGESTED THAT EXISTING VEHICLES ARE ALREADY IN PLACE RE FINANCIAL ASSISTANCE TO LDC'S AND REQUESTED THE SECRETARIAT TO PREPARE A BACKGROUND PAPER SURVEYING AVAILABLE SOURCES OF ASSISTANCE. IWC EXC PAROTTE WAS INSTRUCTED TO OUTLINE SUCH AVAILABLE SOURCES AND TO PREPARE AN APPRIASAL OF INFRASTRUCTURE AND GRAIN STORAGE CAPACITY IN LDC'S.

3. MAJOR EXPORTER REACTION TO US PROPOSAL WAS GENERALLY FAVORABLE AND SUPPORTIVE. BOTH CANADA AND AUSTRALIA INDICATED HOWEVER THAT THE FORMULA SHOULD BE EXPANDED TO ACCOUNT FDR PRODUCTION AND CONSUMPTION. CANADA (MINER) OFFERED THAT GNP WOULD BE A BETTER MEASURE OF A MEMBER'S CAPACITY TO HOLD RESERVE THAN PER CAPITA GNP AND RESTRESSED THAT A TARGET OF 30 MILLION TONS WAS LARGER THAN NECESSARY.

4. EC (JACQUOT) RAISED PROCEDURAL QUESTION RELATIVE TO US PROPOSAL INSISTING THAT US PAPER COULD NOT BE DISCUSSED UNTIL 24 HOURS AFTER TABLING. JACQUOT THREATENED TO WALK OUT OF SUBCOMMITTEE SHOULD DISCUSSION ON RESERVE SHARES CONTINUE. CANADA (MINER) "AT THE RISK OF LOSING THE EC'S LIMITED OFFICIAL USE

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PARTICIPATION" OPTED TO CONTINUE RESERVE SHARES DISCUSSION AND WAS PROMPTLY INTERRUPTED BY JACQUOT WHO SPDKE OUT OF ORDER UNTIL FINALLY RECOGNIZED BY CHAIR. FOLLOWING CONSULTATIONS WITH CONFERENCE LEGAL OFFICER IT WAS RULED THAT DISCUSSION OF US PAPER COULD CONTINUE. US ATTEMPTED TO HIGHLIGHT EC INTRANSIGANCE BY STATING THAT "ONCE AGAIN" THE COMMITTEE WAS BEING FORCED TO YIELD TO EC AND THAT IN ORDER TO MAKE SOME PROGRESS US WOULD BE WILLING TO POSTPONE CONSIDERATION OF PAPER UNTIL WEDNESDAY, MARCH 8, NEXT MEETING.

5. KENYA DELEGATION MADE FORCEFUL INTERVENTION DECRYING LACK OF PROGRESS AT CONFERENCE, LACK OF AGREEMENT TO DATE ON ANY ISSUES AND URGED KEY DELEGATIONS TO SETTLE DIFFERENCES QUICKLY. THRUST OF KENYAN CRITICISM WAS AIMED PRIMARILY AT EC. SORENSON

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